

Subject: FW: Shafi Rescission Term Sheet
From: "Jeff Milton" <jmilton@braintech.com>
Date: Mon, 24 Nov 2008 16:35:52 -0800
To: <adil.shafi@shafilnc.com>

Adil,

Can I expect a call from you tomorrow after your meeting?

Regards

Jeff

Jeffrey J. Milton
Special Counsel
Braintech, Inc.
703-637-9756
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jmilton@braintech.com

From: Jeff Milton
Sent: Monday, November 24, 2008 4:01 PM
To: 'adil.shafi@shafilnc.com'
Cc: 'rick@weidingerfamily.com'
Subject: Shafi Rescission Term Sheet

Adil,

At our meeting on Wednesday, November 19, 2008 I informed you that other than myself, you were "not to talk with any Braintech employees, not to enter onto Braintech property, not to use its electronic and technological services or property not to claim to represent Braintech in any Business transactions or communications, and to cease and desist all communications with persons and companies outside of Braintech." I also told you that after November 19 you were not to use the company credit card. It has come to my attention that you have deleted a significant number of emails from the server. This involves the destruction and or theft of Braintech property and constitutes intentional misconduct.

I am authorized to advise you of the following:

- Effective as of the close of business on November 24, 2008, your status with Braintech, Inc. is changed to administrative leave **without pay or benefits**.
- You are to cease the destruction and or theft of either Braintech, Inc. or Shafi, Inc. documents, electronic or paper.
- You are to return all Braintech, Inc. and Shafi, Inc. documents, including documents and emails which you deleted, and all other property and equipment including computers and cell phone, to Braintech, Inc. Arrangements will be made to pick up this property.
- Braintech, Inc. will defer initiating legal proceedings until after I hear from you on Tuesday, November 25 between 1:00 and 2:00 pm following your meeting with your attorney and determine whether productive discussions can be had consistent with the terms of rescission outlined below.

Set forth below are basic terms for a mutually agreed to rescission agreement between yourself and Braintech, Inc. assuming we proceed without going to court.

- Complete unwinding of the Stock Purchase Agreement dated August 12, 2008 ("SPA") to restore the parties to their respective positions on August 11, 2008 prior to execution of the SPA.
- Shafi, Inc. and you shall be responsible for repayment of the Promissory Note to Braintech, Inc. dated August 12, 2008 in the amount of \$100,000 issued as a loan pursuant to the LOI dated June 19, 2008 together with all other cash advances made to Shafi Inc. by Braintech, Inc and all compensation paid to you by Braintech, Inc.
- All consideration paid to you in the form of Braintech, Inc. stock shall be returned to Braintech, Inc. and Braintech, Inc. will return to you all Shafi Inc. and Shafi, Innovation Inc. Stock.
- You will resign from the Board of Directors of Braintech, Inc. and Rick Weldinger will resign from the Board of Shafi, Inc. and Shafi Innovation, Inc.
- All agreements executed as part of the SPA will also be rescinded and be declared null and void of the SPA, as part of the unwinding and rescission of the SPA.
- The rescission agreement will contain confidentiality and non disparagement clauses and the parties will issue a mutually agreeable joint press release upon execution of the rescission agreement consistent with the aforementioned clauses.
- You and Shafi, Inc. will notify Shafi, Inc. creditors that Braintech is not and has never been under any obligation to advance funds to Shafi, Inc. for the purposes of paying Shafi, Inc. debt obligations nor has it assumed any of the debt obligations of Shafi, Inc.

After your meeting with your attorney tomorrow I look forward to hearing from you so they we may work expeditiously with you and your attorney toward the rescission of SPA and all the ancillary agreements.

Regards,

Jeff